

Budget Alert 3.11: Exploring Unemployment in Grenada

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An examination of the trends in social indicators is important for assessing the impact of public policies which are aimed at enhancing the welfare of the population. The rate of unemployment and poverty are important indicators that should be monitored over time if public policies are to be targeted at correcting social imbalances. This will facilitate the equitable distribution of national income associated with economic growth and development.

The Statistics Department has released the results of the labour-force survey as of the quarter ended 30 June 2023. The labour-force survey provides information on the rate and structure of unemployment in Grenada.

Based on the labour-force survey, the unemployment rate was placed at 12.0 percent at the end of June 2023. This was a decline in the unemployment rate when compared to previous estimates. The labour-force survey as of June 2021 placed the unemployment rate at 16.6 percent, while the unemployment rate as of June 2020 was 28.4 percent. The unemployment rate, which was above average in June 2020, has exhibited a declining trend. At the end of the fourth quarter of 2019, the overall unemployment rate stood at 15.1 percent. In 2020, the unemployment rate rose to 28.4 percent for the quarter ended 30 June and moderated to 18.5 percent at the end of the fourth quarter. Thereafter, the unemployment rate declined to 16.6 percent in the second quarter of 2021 and further contracted to 12.0 percent in the third quarter of 2023. The trend in unemployment is in line with the growth in economic activity and, in particular, the recovery in the tourism industry. This trend in unemployment is highlighted in the following table:

Table 1: Overall Unemployment Rate

	2019 4 th quarter	2020 4 th quarter	2021 2 nd quarter	2023 3 rd quarter
Unemployment Rate	15.1	18.5	16.6	12.0

Source: *Stats: Mgov. gov.* (2021). Retrieved December, 2021, from <https://www.gov.gd/stats>.

Grenada Labour-Force Survey, Department of Statistics, Ministry for Economic Development, Grenada, November 2023.

Along with the overall unemployment rate, an analysis of unemployment by age and sex is needed to obtain a more comprehensive picture of the unemployment situation. This is necessary to assess the impact of public policies on targeted groups such as youths and women.

A disaggregation of the overall unemployment rate by age showed a moderate decline in youth unemployment. Youth unemployment stood at 36.2 percent as of June 2023, compared with 38.6 percent as of June 2021. Youth unemployment has been chronically higher than the overall rate

of unemployment. In 2019 and 2020, at the end of the fourth quarter, unemployment among youths stood at 29.6 percent and 39.5 percent respectively. At the end of the second quarter of 2021, youth unemployment was 38.6 percent and has declined to 36.5 percent at the end of June 2023. While the rebound in the tourism industry and the development of the creative industries could have made some indent in the chronic youth unemployment, public policy will need to be directly targeted at penetrating the existing youth unemployment. The rate of unemployment among the youths is highlighted in the following table:

Table 2: Unemployment by Age in Percentage

	2019 4 th quarter	2020 4 th quarter	2021 2 nd quarter	2023 3 rd quarter
15-24	29.6	39.5	38.6	36.2
25-64	11.9	15.1	13.5	8.4

Source: *Stats: Mgov. gov.* (2021). Retrieved December, 2021, from <https://www.gov.gd/stats>

Grenada Labour-Force Survey, Department of Statistics, Ministry for Economic Development, Grenada, November 2023.

The disaggregation of unemployment by sex showed a decline in unemployment rate among females from 19.5 percent in June 2021 to 14.6 percent in June 2023. However, unemployment rates for females are higher than males and are above the overall unemployment rate. The unemployment rate among females converged to an average of 18.5 percent over the four years, accounting for 18.3 percent in 2019, 21.6 percent in 2020, 19.5 at the end of the second quarter of 2021, and 14.6percent at the end of June2023, as depicted in the following table:

Table 3: Unemployment by Sex in Percentage

	2019 4 th quarter	2020 4 th quarter	2021 2 nd quarter	2023 3 rd quarter
Male	12.5	15.9	14.2	9.6
Female	18.3	21.6	19.5	14.6

Source: *Stats: Mgov. gov.* (2021). Retrieved December, 2021, from <https://www.gov.gd/stats>

Grenada Labour-Force Survey, Department of Statistics, Ministry of Economic Development, Grenada, November 2023.

A cross tabulation of the unemployment rates by sex and age highlighted the higher youth unemployment (15-24years) in both males and females. As of June2023, the rate of unemployment among young males was 37.8 percent and the rate for young females was 34.9 percent. A higher rate of unemployment among young females was recorded in the labour-force survey of June 2021, but there were some improvements in 2023. For the years 2019 to 2023, the unemployment among the youth was distributed among males and females as follows: in 2019 males were 20.4 percent

and females were 40.3 percent. In 2020, males were 40.9 percent and females were 37.8 percent. By the second quarter of 2021, female youth unemployment stood at 42 percent and males at 36.2 percent. However, in 2023, female unemployment declined and the rate of unemployment among females was 34.9 percent and males were 37.8 percent. There was a narrowing of the gap in the rate of unemployment among males and females.

The decline in the overall unemployment rate in 2023 was accompanied by reductions in the rate of unemployment among youths and women. However, youth unemployment, although registering a decline, continued to be elevated. The unemployed are dominated by those who have never worked and with education levels up to secondary school. Unemployment at the tertiary level and beyond was relatively low. This labour market situation could be linked to the mismatch between the skills required in the economy and that of the labour-force. While public policy is targeted at penetrating the core unemployment. The focus on ‘Technical and Vocational Education and Training’ should contribute to a reduction in the core youth unemployment over the medium-term.

Knowledge is power and Experience is the greatest teacher.

Disclaimer: This article is written in my personal capacity and not in my capacity as Chairwoman of the Fiscal Responsibility Oversight Committee.